

EXHIBIT 1

INTRODUCTION

Respondent Steven Bruce Ruff was a candidate for Sheriff of San Diego County in the March 5, 2002 primary election. Respondent Bruce Ruff for Sheriff 2002 was Respondent Ruff's controlled committee for that election. Respondent Ruff's sister-in-law, Terry Ruff, served as the treasurer of Respondent Committee at all relevant times. This case arose from an audit of Respondents by the Franchise Tax Board ("FTB") for the reporting period January 1, 2001 through June 30, 2002.

During the audit period, Respondents reported receiving contributions totaling \$12,340, and making expenditures totaling \$10,873. The Political Reform Act requires every committee and its controlling candidate to properly report loans received by the committee. In this matter, Respondents misreported a \$6,000 loan received from Terry Ruff and her husband Larry Ruff prior to the primary election.

For the purposes of this stipulation, Respondents' violation of the Political Reform Act (the "Act")¹ is stated as follows:

COUNT 1: Respondents Steven Bruce Ruff and Bruce Ruff for Sheriff 2002 failed to properly disclose information regarding the receipt of a \$6,000 loan on a semi-annual campaign statement for the reporting period October 1, 2001 through December 31, 2001, filed on or about January 31, 2002, in violation of Government Code section 84211, subdivision (g).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed, in order for voters to be better informed and improper practices inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Duty to Itemize and Disclose the Receipt of Loans of \$100 or More

On each campaign statement filed by a candidate or committee, section 84211, subdivision (g) requires the reporting of the following information about any lender to the candidate or committee if the cumulative amount of loans received from the lender is \$100 or more, and the loans are outstanding during the reporting period covered by the campaign statement: (1) the lender's full name; (2) the lender's street address; (3) the lender's occupation; (4) the name of the lender's employer, or if self-employed, the name of the lender's business; (5) the original date and amount of the loan; (6) the

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

due date and interest rate of the loan; (7) the cumulative payment made at the end of the reporting period; (8) the balance outstanding at the end of the reporting period; and (9) the cumulative amount of contributions received from the lender. Section 82018 defines “cumulative amount” to include the amount of contributions received or made in the calendar year.

At all relevant times, the County of San Diego had a local ordinance which imposed a \$500 limitation on campaign contributions made to candidates for elected office, and prohibited contributions from corporations or businesses. As such, Respondents were prohibited from receiving contributions, including loans, from individuals in excess of \$500.

SUMMARY OF THE FACTS

Respondent Steven Bruce Ruff was an unsuccessful candidate for San Diego County Sheriff in the March 5, 2002 primary election. Respondent Bruce Ruff for Sheriff 2002 (the “Committee”) was Respondent Ruff’s controlled committee for that election. This case arose from an audit of Respondents by the FTB for the reporting period January 1, 2001 through June 30, 2002. The Committee terminated on August 12, 2002. Respondent Ruff, a sergeant in the Sheriff’s office, also ran unsuccessfully for San Diego County Sheriff in 1994 and 2006.

During the audit period, Respondents reported receiving contributions totaling \$12,340 and making expenditures totaling \$10,873. Respondents filed all required campaign statements in a timely manner during the audit period.

COUNT 1

Failing to Properly Disclose the True Source of a Loan

In an interview with Accounting Specialist Bob Perna, Respondent Ruff stated that he handled all of the campaign activities and filings for Respondent Committee. Respondent Ruff asked his sister-in-law, Terry Ruff, to serve as the committee treasurer, because he believed someone other than himself needed to be the treasurer. According to Respondent Ruff, Terry Ruff, a homemaker and the wife of his brother Larry Ruff, did nothing with his campaign other than to sign campaign statements that Respondent Ruff prepared. Respondent Ruff stated that he was aware of the local campaign contribution limit, and believed that this information was provided to him in a packet he received from the Registrar of Voters office.

In the fall of 2001, Respondent Ruff requested a \$6,000 loan from his brother Larry Ruff to help pay for campaign expenses. The specific purpose was to pay for his candidate’s statement on the ballot pamphlet.² On December 1, 2001, Terry Ruff issued a check in the amount of \$6,000 to “Bruce Ruff.” The check was drawn on the joint bank account of Larry and Terry Ruff, and the memo section on the front of the check stated “Loan to Campaign.” On the original semi-annual campaign statement for the reporting period October 1, 2001 through December 31, 2001, Respondent reported the \$6,000 loan on Schedule B, disclosing that the lender was Larry Ruff, and that he was employed by Interstate

² According to the semi-annual campaign statement for the reporting period October 1, 2001 through December 31, 2001, Respondents made a \$6,550 expenditure to the San Diego County Registrar of Voters for a “ballot statement.” Respondents mistakenly used the reporting period November 10, 2001 through December 31, 2001 on their campaign filings, rather than the correct reporting period which is used herein.

Brands Corporation as a bread truck driver. This was the only contribution received by Respondents for this reporting period.

On January 31, 2002, Respondents filed an amended semi-annual campaign statement for the reporting period October 1, 2001 through December 31, 2001. On Schedule B of this statement, Respondents changed the source of \$6,000 loan to Respondent Ruff, listing that he was employed as a sergeant in the San Diego County Sheriff's office. Respondent Ruff filed the amendment after he spoke with Elvira Vargas of San Diego County Registrar of Voters office, and she informed him that he could not receive a loan over the \$500 contribution from another individual. Respondent Ruff later repaid the loan using his personal funds.

By failing to disclose that Larry and Terry Ruff were the true source of a \$6,000 loan received by Respondent Committee on December 1, 2001 on an amended semi-annual campaign statement for the reporting period October 1, 2001 through December 31, 2001, Respondents committed a violation of section 84211, subdivision (g).

CONCLUSION

This matter consists of one count, which carries a maximum possible administrative penalty of Five Thousand Dollars (\$5,000).

Respondents misreported the source of the \$6,000 loan when they filed an amended semi-annual campaign statement on January 31, 2002. This amended campaign statement was filed to hide the true source of the loan, the receipt of which violated local campaign contribution limits. However, this action is somewhat mitigated by Respondents' original campaign filing, which disclosed to the public that Larry Ruff was the source of the loan. Persons viewing the original and the amended campaign filings may have surmised that Larry Ruff was actually the true source. A typical administrative penalty for improperly reporting the source of loan has historically ranged between \$2,000 and \$3,000. Based on the factors in this case, a penalty in the middle range is appropriate.

The facts of this case, including the aggravating and mitigating circumstances addressed above, justify the imposition of the agreed upon administrative penalty of Two Thousand Five Hundred Dollars (\$2,500).